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Report No: PIDIAF0285

Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 16-Apr-2026

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BASIC DATA

A. Product Information

Main: Empowering Women Entrepreneurs and Upgrading MSMEs for Economic Transformation and Jobs in DRC Project (P178176)

Operation ID P178176	Product/Financing Instrument Investment Project Financing (IPF)
Beneficiary Country/Countries Congo, Democratic Republic of	Geographical Identifier Congo, Democratic Republic of
Practice Area (Lead) Finance, Competitiveness and Innovation	
Borrower(s) Democratic Republic of Congo	Implementing Agency Ministry of Small and Medium Enterprises and Entrepreneurship (Ministry of SMEs)

Additional Financing Request 1

Estimated Appraisal Date 21-Apr-2026	Estimated Board Date 01-Jun-2026
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Development Objective

Original Development Objective (Approved as part of Approval package on 02-May-2022)

The project development objective is to enhance growth of new and existing MSMEs, especially women-owned, and promote job creation particularly for women in select geographic areas.

Components

- Support women entrepreneurs, firm creation and SME upgrading
- Financial Inclusion and Sustainable Access to Finance for Women Entrepreneurs and MSMEs
- Entrepreneurship Ecosystem Development
- Project Implementation
- Contingent Emergency Response Component

COSTS & FINANCING (US\$, Millions)

**SUMMARY**

	Last Approved	Proposed	
		Addition	Total
Total Operation Cost	478.00	302.00	780.00
Total Financing	478.00	302.00	780.00
Of which IBRD/IDA	300.00	200.00	500.00

FINANCING DETAILS

World Bank Group Financing	Last Approved	Additional Financing	Total
Commercial Financing	178.00	102.00	280.00
Commercial Financing Guaranteed	0.00	0.00	0.00
Unguaranteed Commercial Financing	178.00	102.00	280.00
International Development Association (IDA)	300.00	200.00	500.00
IDA Credit	150.00	176.00	326.00
IDA Shorter Maturity Loan (SML)	0.00	24.00	24.00
IDA Grant	150.00	0.00	150.00
Non-World Bank Group Financing			
Commercial Financing	178.00	102.00	280.00
Commercial Financing Guaranteed	0.00	0.00	0.00
Unguaranteed Commercial Financing	178.00	102.00	280.00

IDA Resources

	Credit	Grant	SML	Guarantee	Total
Congo, Democratic Republic of	176.00	0.00	24.00	0.00	200.00
National Performance-Based Allocations (PBA)	176.00	0.00	0.00	0.00	176.00



Scale-Up Window (SUW)	0.00	0.00	24.00	0.00	24.00
Total	176.00	0.00	24.00	0.00	200.00

Other Decision (as needed)

B. Introduction and Context

Country Context

- The Democratic Republic of Congo (DRC) is the largest country in Sub-Saharan Africa (SSA).** The DRC is endowed with exceptional natural resources, including minerals such as cobalt and copper, hydroelectric potential, significant arable land, immense biodiversity and the world's second largest rainforest. Most people in DRC, however, have not benefited from this wealth. A long history of conflict, political upheaval, and instability, as well as authoritarian rule, has led to a serious and ongoing humanitarian crisis, which has been exacerbated since November 2021 with the resurgence of the M23 rebel group in eastern DRC. This situation has worsened an already dire humanitarian crisis, with millions of people displaced and hundreds of cases of sexual and gender-based violence.
- The DRC ranked 164 out of 174 countries on the 2020 Human Capital Index, reflecting decades of conflict and fragility, and constraining development.** DRC's Human Capital Index is 0.37 which is below the SSA average of 0.4. This means that a Congolese child born today can expect to achieve only 37% of their potential, compared to what would have been possible if they had benefited from a full, quality schooling experience and optimal health conditions. The main contributors to the low score are low child survival rates under age five, high child stunting, and low quality of education. DRC has one of the highest stunting rates in SSA (42% of children under age five), and malnutrition is the underlying cause of almost half of the deaths of children under the age of five. Unlike other African countries, the prevalence of stunting in the DRC has not decreased over the past 20 years. Instead, the number of stunted children has increased by 1.5 million.
- In 2024, the DRC's economy grew by 6.5%, driven by a 12.8% expansion in the extractive sector, particularly copper and cobalt production.** Non-mining sectors grew by 3.2%, reflecting diversification and increased private investment. The current account deficit (CAD) narrowed to 3.4% of GDP, and foreign exchange reserves increased to 2.5 months of import coverage. The Congolese franc depreciated by 8.7% against the US dollar, and inflation fell to 11.3%. The banking sector remained profitable with expanding credit and declining non-performing loans. Non-mining sectors are expected to drive growth, with construction and infrastructure investment boosting non-extractive GDP growth to 5.3% by 2027. Currency stability and inflation control are expected to continue, but risks such as conflict, health outbreaks, and geopolitical tensions remain. Despite positive trends, poverty remains high at 72.9%, with limited job creation in the mining sector and structural weaknesses constraining inclusive growth. Sustained reforms and investment in non-mining sectors are essential for broader development outcomes. Extractive and resource-based industries are the main drivers of GDP growth, but formal job creation takes place mostly in urban services, especially in higher-income provinces and large cities. Community



and social services are the most dynamic from the perspective of new firm creation and productivity increase (27 percent of companies experienced an increase in 2019), followed by the primary sector (15 percent).

4. **More than two decades after the end of the Congo Wars in 2003, the DRC continues to struggle with fragility, conflict, and violence (FCV) in its eastern regions and beyond.** Protracted conflicts in eastern DRC further escalated in January 2025 when the Mouvement du 23 Mars (M23) captured large swathes of the two Kivu provinces. Further north, the Allied Democratic Forces remained the most lethal armed group over the period 2021-2025. Urban violence continued to expand from Kinshasa to mid-size cities, and low-grade volatility prevails across the country, which is rife with land and customary disputes. Despite improved macroeconomic performance, growth failed to generate more jobs or improve services, instead reinforcing elite capture, eroding public trust in institutions, and deepening social exclusion.
5. **DRC is vulnerable to natural hazards, including volcanic eruptions, earthquakes, floods, and droughts, which are exacerbated by poverty and political insecurity.** DRC experiences extreme weather and climate variability, resulting in high exposure to floods and droughts that are projected to increase in frequency and severity due to climate change. The country is exposed to natural disasters, which can result in land and infrastructure degradation due to erosion or landslides, a rise in livestock and crop diseases, direct crop failure due to floods and heavy rains, and possible nutrient leaching and fungal growth due to high humidity. In urban areas, increasing population density combined with erratic rainfall may lead to water stress as lifeline services fail to keep up with demand. The private sector could become a key contributor to climate change mitigation and adaptation efforts, particularly in urban areas where they can develop sustainable solutions. In the agribusiness sector, the private sector can also adopt farm and industrial management strategies informed by the impact of climate on productivity that can contribute to building a more sustainable economy.

Sectoral and Institutional Context

6. **The private sector is composed of extractive industries dominated by foreign investors and state-owned enterprises, low productivity agriculture, a small formal private sector, and MSMEs, which employ 89 percent of the working population.** Although DRC attracted significant foreign direct investment in the extractives, limited technology and productivity spillovers exist. The government's effort to promote backward links through the 2017 Subcontracting Law did not achieve the desired results because of the underdeveloped local SME sector and deficiencies in the legislation. The high rate of unemployment further highlights the country's need to develop the ecosystem for entrepreneurship.
7. **DRC's private sector is dominated by MSMEs that are largely informal.** MSMEs are one of the strongest drivers of economic development and employment globally. MSMEs do not have an official definition in DRC; previous analytical and lending operations used a definition that accounts for employment size, annual turnover, and total assets. This definition is based on a diagnostic of the SME sector conducted as part of the discussions with the Ministry of Small and Medium Enterprises and Entrepreneurship (Ministry of SMEs) and reflects various legislations and charters signed with business associations in DRC. Based on this definition and available statistics, MSMEs constitute the bulk of economic activity, but their formalization, growth, and competitiveness face severe constraints.¹ Over 90 percent of firms are micro (1–10 employees), and nearly half of them have been on the market for less than five years. However, firms six years and older contribute to 60 percent of employment in DRC. Young firms created in the last two years account for over 35 percent of total employment. The share of young firms in DRC is large even in the context of fragility. SMEs demonstrate the strongest dynamic in creating new jobs compared to large firms. However, the growth rate of existing SMEs is sluggish. The improved performance of SMEs would enable them to better serve as an important engine of growth and job opportunities.

¹ World Bank Enterprise Survey 2013; SME Ecosystem Survey 2019.



- 8. Despite improvements, the weak business environment remains a burden to Congolese entrepreneurs and MSMEs.** A complex regulatory and fiscal framework constrains MSME activity and growth. Based on private sector consultations, the most important shortcomings include the multitude of legal and illegal taxes imposed on MSMEs, and the ineffective judicial system with limited contract enforcement and conflict resolution and systemic bureaucratic corruption. The weak business environment weighs even more on women-owned businesses that have to face more obstacles, including social prejudice and prevailing gender norms that still place the man as the primary breadwinner and do not approve of women working outside the home, to gender education gaps and more family responsibilities for women as compared to men.
- 9. Formalization is a significant challenge for Congolese enterprises.** Registering with tax authorities increases the profits of firms with 2–5 workers and the mid-size group but creates losses for smaller and larger informal firms.² Obtaining an export permit is complex and available to formal firms only, so many informal and promising micro and small firms cannot access export markets. Similarly, the ability of firms to make large-scale domestic investments is limited by poor protection of land and lack of reliable access to courts. These barriers favor large incumbent companies and those that have ties to government and impede the growth of promising SMEs. As a result, informality remains widespread, and DRC has a dual industrial structure characterized by many small and informal firms and a small number of large and formal firms. Because of fragility and the challenging ecosystem, most firms remain informal and engage in activities they believe are lower risk and/or offer a higher short-term return. The challenging context reinforces the perception that success depends more on the ability to rely on social and political networks and bribery than on entrepreneurial skills and competitiveness.
- 10. Women entrepreneurs in DRC have systematically lower levels of business capital—including equipment, inventory, property, and other firm assets—relative to male peers.** The gap in capital investment exceeds 70 percent in DRC even after accounting for the sector of operation and other firm and entrepreneur characteristics.³ This plays a central role in the gender gap in business performance. However, studies show similar average returns to capital and labor between male- and female-owned firms, suggesting that women have the potential to perform as well as men if they have access to the same resources. Barriers to women’s participation are structural (economic, legal, institutional) and behavioral (biases, mental models, gender norms). Women suffer from a lack of business knowledge and connections to markets, which prevents them from engaging with larger buyers further up the value chain. To succeed, women must acquire skills that help them overcome social gender roles and risk aversion.
- 11. The Congolese financial system made progress in recent years but remains underdeveloped.** Previously DRC’s financial sector was ranked among the most poorly performing in the world, reflecting many of the weaknesses of the country’s economy and political system. The banking sector, comprised of 14 banks, suffers from structural vulnerabilities that limited its effectiveness and were exacerbated by COVID-19. Less than 10 percent of the population have access to a bank account. Non-bank financing is limited, with DRC having no capital markets other than occasional government bonds, a nascent insurance sector, and almost no leasing. Microfinance institutions (MFIs) and savings and credit cooperative organizations (SACCOs) have grown, with 21 MFIs and 69 SACCOs now active. Non-performing loans were up from 7 percent in 2014 to 19 percent in 2020, mostly due to COVID-19, but the situation shows signs of improvement. Despite beginning the process to improve anti-money laundering/countering the financing of terrorism (AML/CFT) controls, DRC has been added to the Financial Action Task Force grey list, which puts it at risk of losing correspondent bank relationships and other links with the international financial system (which would push up the cost of payments and financing for firms).

² Informal Enterprise Survey 2016.

³ World Bank. 2019. Scaling Up Ecosystems for Small Businesses in the Democratic Republic of Congo: Analysis Based on Data from Kinshasa, Lubumbashi, Matadi, and Goma. Washington, DC: World Bank.



C. Proposed Development Objective(s)

Original Development Objective

The project development objective is to enhance growth of new and existing MSMEs, especially women-owned, and promote creation particularly for women in select geographic areas.

Current Development Objective

No change to the Project's Project Development Objective (PDO).

Proposed New Development Objective

No change to the Project's PDO.

D. Project Description

- 12. The Project seeks approval of an Additional Financing (AF) of US\$200 million.** TRANSFORME was approved on May 2, 2022, signed on June 1, 2022, and became effective on December 12, 2022, with a closing date of September 30, 2027. TRANSFORME is a US\$300 million Investment Project Financing (IPF) with Performance-Based Conditions (PBCs) financed by the International Development Association (IDA Credit US\$150 million and IDA Grant US\$150 million). The Project promotes job creation, especially for women and youth, through the growth of Micro, Small and Medium Enterprises (MSMEs), while also deploying a new Partial Portfolio Credit Guarantee Fund (PPCGF).
- 13. The Project has five components that seek to create jobs by supporting private enterprises, improving access to finance, and strengthening the business enabling environment:**
- **Component 1: Support women entrepreneurs, firm creation and SME upgrading (US\$170 million)** professionalizes women entrepreneurs, expands the pipeline of new companies, and improves the performance of existing SMEs.
 - **Component 2: Financial inclusion and sustainable access to finance for women entrepreneurs and MSMEs (US\$60 million)** addresses the supply-side constraints limiting access to finance and supports innovative financial solutions.
 - **Component 3: Entrepreneurship ecosystem development (US\$60 million)** improves the sustainability of firm survival and growth by improving the business environment and expanding shared infrastructure.
 - **Component 4: Project implementation (US\$10 million)** finances activities related to project management, coordination, communication, and monitoring and evaluation.
 - **Component 5: Contingent Emergency Response Component (CERC - US\$0 million)** is included for situations of urgent need of assistance and capacity constraints.
- 14. Implementation performance.** TRANSFORME is a well-performing project. The latest Implementation Status and Results (ISR) ratings during the Mid-Term Review in November 2025 for overall implementation progress and progress toward development objectives were Satisfactory. Compliance with key loan covenants, including audit and financial management reporting requirements, was Substantial. Environmental and Social Standards (ESS), Procurement, Financial Management (FM), and Project Management performance were also rated as Satisfactory. Monitoring and Evaluation (M&E) was rated Moderately Satisfactory. Furthermore, the Project remains fully aligned with the Government's priorities and the Country Partnership Framework FY22-FY26 under the existing Project Development Objective (PDO). The Project is also aligned with the World Bank's job agenda, helping to unlock private sector-driven economic growth that creates sustainable and dignified jobs.



- 15. TRANSFORME has received higher than expected demand for its technical and financial support activities under Component 1, exceeding its expected intermediate results.** A total of 23,531 women micro-entrepreneurs have benefitted from personal initiative trainings. The existing pool of potential beneficiaries will also allow the Project to extend in-kind grants to over 20,000 women micro-entrepreneurs — more than double the 10,000 originally anticipated. Furthermore, a total of 8,935 new enterprises completed entrepreneurship training modules. A Business Plan Competition (BPC) is already underway and will benefit up to 4,000 new enterprises, also significantly higher than the initial target of 2,500. To upgrade established SMEs, a separate BPC is being implemented. A total of 907 SMEs (out of over 3000 eligible applications) have been selected, also surpassing the initial target of 750 SMEs. As a result, the Project is expected to substantially surpass its intermediate indicator targets for the number of entrepreneurs and enterprises supported.
- 16. These higher-than-expected outputs in the form of training and financing to entrepreneurs and enterprises should lead to strong outcomes in terms of firm growth, investments in increasing climate resilience, and job creation.** Following the successful approach of the preceding US\$100 million SME Development and Growth Project (PADMPME, P160806), it is expected that the technical and financial assistance provided will enable beneficiary firms to tackle multiple constraints that limit business growth. The grants will facilitate the purchase of inputs and new equipment, including new technologies, to raise production, increase diversification, improve productivity, and strengthen resilience. Following the disbursement of grants, the Project will deliver a multi-month coaching and mentoring program aimed at strengthening internal operations (such as administrative management and accounting), while equipping beneficiaries with best practices to broaden market access, streamline procurement, enhance product quality, and reinforce quality control and packaging standards. All these complementary improvements in terms of innovation, diversification, higher production, and improved productivity will enable beneficiary firms to increase their revenues and create thousands of additional jobs.
- 17. The Project has successfully expanded access to finance, enabling higher levels of private capital mobilization (PCM) for MSMEs under Component 2.** The PPCGF has been established. Seven participating financial institutions (PFIs) have joined, with seven more expressing their interest. Since June 2024, the PPCGF has enabled PCM through a multiplier effect of more than 3, enabling US\$117.4 million in new loans to 7,931 MSMEs, considerably higher than the initial targets of US\$66 million to 5,000 MSMEs. This significant growth in financing for MSMEs should also lead to further firm growth and job creation. The Project is also supporting key structural reforms such as improving the credit infrastructure, strengthening the enabling framework and capacity of the Central Bank of Congo (BCC), and facilitating financial inclusion through multiple reforms in banking, non-bank financial services sectors, payments and digital financial services. These important structural reforms are progressing well, albeit at a slower pace due to their complexity, limited skills, and the need for sequencing. Important steps have also been taken to strengthen the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) framework.
- 18. Component 3 is delivering meaningful improvements to the business enabling environment aligned with Government priorities, though efficient operationalization will require additional time and continued support.** Activities related to the implementation of the subnational B-Ready pilots and enterprise surveys have been completed and are supporting policy dialogue to improve the entrepreneurship ecosystem. The Project is supporting structuring reforms in line with the Government's strategy to strengthen the business enabling environment. For example, the technical specifications for the establishment of the online business registration platform are being prepared, which will facilitate the formalization of MSMEs across the country. Furthermore, a holistic and integrated approach is required to ensure an efficient re-dynamization of the One-Stop-Shop for Business Registration (GUCE), ensuring an integrative approach and interoperability by carrying out the security transaction reform (through implementation of the central and digitized collateral registry) and the digital beneficial ownership registry. However, these complex reforms have faced slower-than-expected progress and require additional support to ensure gradual and efficient deployment at the provincial level.



- 19. The Project is addressing two of the identified drivers of fragility in the Democratic Republic of Congo (DRC).** The four main drivers of fragility identified by the Updated 2025 World Bank’s Risk and Resilience Assessment (RRA) are: i) state capture and weak institutions, ii) local disputes over land, resources, power, and identity, iii) socio-economically marginalized youth easily pulled into routinized violence, and iv) geopolitical interference. The Project directly addresses the first and the third of these drivers by strengthening the capacity and regulatory framework of the Government through its third Component, while also supporting MSME’s resilience and growth to create thousands of jobs, including for women and youth, through its first and second Components. The AF will maintain the support to small informal businesses by facilitating their professionalization and assisting the most promising firms in transitioning to formality, an essential process for enhancing productivity and growth. Encouraging the development of productive infrastructures and promoting risk-sharing mechanisms among beneficiaries not only strengthens competitiveness, but it also builds social capital.
- 20. The implementation of the Project remains temporarily paused in two cities in the East.** Bukavu and Goma, two of the seven target cities, have been under the control of the M23 rebel group since the intensification of the conflict in eastern DRC in January 2025. Given the effects of the conflict at all levels (institutional, governance, and security), any resumption of activities would require an assessment of the situation to establish a recovery plan, adding additional time to the implementation of activities, which were paused at an early stage. In such an FCV context, constraints remain significant and dynamics are difficult to anticipate. Hence, flexibility and adaptation will continue to be essential to ensure efficient implementation.⁴ Once the appropriate conditions are met, activities are expected to resume in Bukavu and Goma. The 23-month extension requested alongside this AF would facilitate the resumption of planned activities in these two cities. This resumption would depend on i) material improvements in political/security conditions and ii) an assessment of ecosystem conditions, costs, and timeframes for restarting. However, resources originally allocated to these cities would be redeployed if activities were to remain on hold. Efficient implementation of activities requires at least two years to give enough time to i) assess needs, ii) develop a clear reallocation strategy (ensuring that the resources are utilized effectively if the situation continues or more resources are added based on the needs assessment), and iii) implement activities.
- 21. The implementation of the Project’s activities is expected to lead to the creation of thousands of jobs, fostering dignified livelihoods and enhancing resilience to shocks.** As demonstrated by the preceding PADMPME project, technical and financial support to micro-entrepreneurs, new firms, and established SMEs can unlock private sector-driven economic growth that creates productive jobs. Parallel support to shared infrastructure in the form of innovative SME Centers plus business-friendly policies and simpler regulations enhances the sustainability of these positive results. TRANSFORME is scaling up this successful approach, while also improving access to finance, facilitating millions of dollars in new loans for thousands of additional MSMEs to grow and create further jobs.
- 22. The Project could support a higher number of entrepreneurs and enterprises in the target cities, increasing expected results, particularly in terms of job creation.** Approximately 12,000 additional private businesses that have already been trained by the Project could be financed, specifically i) 11,000 women micro-entrepreneurs, ii) 1,000 new enterprises, and iii) 150 established SMEs. A top-up to the PPCGF would enable up to 14 PFIs to unlock access to finance to thousands of additional MSMEs, with a special focus on female-led MSMEs and investments into renewable energy. Additionally, program beneficiaries have requested additional support to deep-dive selected reforms in the private and financial sectors to continue enhancing financial sector infrastructure, capacity, governance and oversight, while streamlining public services that would further improve the overall business enabling environment.

⁴ Following the conflict in January 2025, the Project has quickly put in place a contingency plan to ensure security for its staff and assets. At the operational level, the workplan has been adjusted to concentrate efforts on the other five cities - none of which were affected by the conflict - while continuing close monitoring of the situation in Goma and Bukavu.



- 23. The Government of DRC has additionally requested to expand the Project geographically, creating synergies with the structuring investments in the Inga and Lobito Corridors.** The Government is developing Inga 3 to lay the foundations for sustainable development through additional hydropower that will benefit the whole country and beyond, bringing not only energy but also local development, better connectivity, skills, and jobs. In parallel, the development of the Lobito Corridor – a strategic regional economic corridor – aims to deepen economic integration between Angola, DRC, and Zambia, with the potential to drive economic diversification, trade, and job creation. The major ongoing investments in infrastructure are an opportunity for local MSMEs to benefit from economic spillover effects. Support for private sector development and improvement of the investment ecosystem is required to move into an integrated development corridor approach that complements the positive effects of infrastructure investments.
- 24. Consultations have taken place to select the cities to be targeted along the Inga and Lobito Corridors.** The objective was to identify cities with a sufficiently large pool of MSMEs that the Project can support. Additionally, the Project Implementation Unit (PIU) has conducted consultations with public and private stakeholders as well as the agencies implementing the Project's activities, which have experience in these regions. These consultations have taken place to accelerate the implementation of activities, ensuring that activities can be completed within the 23 additional months requested for the Project.
- For the Inga Corridor, the AF will expand the geographic coverage in the province of Kongo-Central, adding seven additional medium-sized cities (Boma, Kasangulu, Kimpese, Kisantu, Mbanza Ngungu, Tshela and Muanda), while maintaining the major regional hub of Matadi.⁵
 - For the Lobito Corridor, the AF covers an initial list of five additional cities in two additional provinces: Fungurume and Kolwezi in the province Lualaba plus Kipushi, Likasi, and Lubumbashi in the province Haut-Katanga. Kolwezi and Lubumbashi are the economic hubs of these two provinces, while the remaining three cities are medium-sized cities.
- 25. Scaling up TRANSFORME to new geographic corridors offers a strategic opportunity to deepen the Project's impact, while preserving continuity with the effective priority sectors (light industry, agribusiness, and services) and the cross-cutting focus on job creation, women entrepreneurship, firm development, and access to finance.** Drawing on lessons from PADMPME and TRANSFORME's ongoing implementation, the expansion to the Inga and Lobito corridors is a natural progression of the Project's approach — deploying a proven set of instruments, including capacity building, business plan competitions, matching grants, SME Centers, and partial credit guarantees, in new economic ecosystems, while tailoring the sectoral focus to the distinct comparative advantages and development opportunities of each corridor.
- 26. The geographic expansion of TRANSFORME to the Inga and Lobito corridors is firmly anchored in the World Bank's broader strategic engagement in DRC.** The World Bank's Country Partnership Framework for FY22–26 identifies DRC's major corridors as priority geographic areas for concentrating investment operations, recognizing that these axes concentrate both the high levels of poverty and the greatest economic potential. Expanding TRANSFORME along the Lobito corridor directly complements the World Bank's US\$1+ billion investment in the Lobito railway and regional connectivity infrastructure, creating a critical opportunity to ensure that local MSMEs are positioned to capture the economic spillovers. Similarly, in Kongo-Central, the TRANSFORME scale-up would operate in synergy with the Inga 3 Development Program, which aims to unlock the corridor's energy and economic potential, establishing a mutually reinforcing portfolio of investments that links hard infrastructure with private sector development and job creation.

⁵ Activities in the Inga Corridor are already underway in six cities (out of the twelve additional cities), particularly the support to women micro-entrepreneurs, new enterprises and established SMEs under Component 1 and the SME Centers under Component 3. This approach was undertaken to accelerate the Project's implementation and ensure that the Project can complete all planned activities on time. This approach was agreed between the World Bank and the Government of DRC based on official letters between both parties.



Additional Financing (AF)

- 27. The AF will expand existing activities, meeting the higher-than-expected demand in the initial target cities. It will also geographically extend the Project to the Inga and Lobito Corridors, update the results framework, and extend the closing date by 23 months.**
- 28. Component 1: Support women entrepreneurs, firm creation and SME upgrading (US\$140 million).** Additional financing will expand activities in the existing target cities and in the Inga and Lobito Corridors.
- **Subcomponent 1.1 - Support professionalization of women entrepreneurs (US\$50 million).**

This sub-component will scale up the technical and financial support for an additional number of women entrepreneurs with growth ambitions in the project priority sectors, enhancing their entrepreneurial capacity, expanding their businesses, and creating jobs. Building on lessons learned from the on-going Project and given that the closing date will only be extended by 23 months, the AF will be implemented through a more integrated approach between training, coaching, and the provision of in-kind grants.
 - **Subcomponent 1.2 - Training and competitive grants for creating new firms (US\$40 million).**

This sub-component will increase the support to an additional number of new firms through training in critical entrepreneurial and core business skills. Grants will be awarded through one or multiple BPCs for the creation of new firms and jobs. The AF will maintain the same priority sectors (light manufacturing, processing and packaging, agribusiness, and services – excluding inventory or working capital for trade or retail activities), while tailoring its deployment to the specific diversification and value addition opportunities that each region presents.
 - **Subcomponent 1.3 - Matching grants for SMEs upgrading (US\$50 million).**

This sub-component will expand the support to established SMEs with a good track record but that face constraints to growth. Matching grants will be provided to incentivize investments in long-term growth projects that lead to productivity and quality enhancements, technology upgrading, use of climate-resilient technologies, diversification of products and services, and creation of quality jobs. This sub-component will also provide targeted support for essential activities that solve bottlenecks across value chains and sectors. Examples include, but are not limited to, logistics, packaging, and waste management. Given the scale-up in the number of beneficiaries and geographic scope, implementation acceleration measures will be adopted to ensure efficient implementation within the Project’s timeline, building on lessons learned from the on-going implementation.
- 29. Component 2: Financial inclusion and sustainable access to finance for women entrepreneurs and MSMEs (US\$32 million).** The additional financing will expand activities of the three subcomponents:
- **Subcomponent 2.1 – Strengthen credit infrastructure (US\$1 million)**

This sub-component will support a coherent set of actions aimed at further strengthening the MSME finance ecosystem, including i) enhancement of enabling framework, digitalization, products offering and capacity, regulatory reporting and transparency of micro-finance institutions (MFIs) and credit cooperatives, ii) implementation of selected activities at national and provincial level to raise financial capability of MSMEs and households, and to promote usage of digital financial services, and iii) support to the Central Bank of Congo (including its newly established Financial Inclusion Department) with institutional capacity and modernization of regulatory and supervisory framework to enhance consumer protection and foster financial inclusion.
 - **Subcomponent 2.2 - Unlock financing for MSMEs and women entrepreneurs (US\$27 million)**



This sub-component will continue to support eligible financial institutions in mitigating the perceived risks of lending to MSMEs and women entrepreneurs through a US\$25 million top-up of the PPCGF. Specifically, US\$ 15 million additional financing will be used to top up the existing MSME guarantee fund, with special focus on renewable energy financing for MSMEs. Another US\$10 million will be directed through a new guarantee window (with higher coverage of 70%) to specifically support women-entrepreneurs. Technical assistance will also be provided to existing and new PFIs in the PPCGF. Furthermore, the development of new products, especially for renewable energy financing of MSMEs, will be supported.

- **Subcomponent 2.3 - Lower the cost and risk of digital financial services (US\$4 million)**

This subcomponent will support targeted investments into modernizing the critical financial and payments infrastructure, enhancing BCC and MFIs data management and operational capacity, reducing costs and risks in operations of financial institutions, especially MFIs and cooperatives, with the objective of reducing costs, improving efficiency, and mitigating operational and financial risks associated with digital financial services.

30. Component 3: Entrepreneurship ecosystem development (US\$14 million). Additional financing will expand activities of one subcomponent, while the 23-month extension will allow other activities to continue:

- **Subcomponent 3.1 - Business environment reforms to catalyze investment (US\$0 million)**

The 23-month extension of the Project will enable activities to improve the regulatory framework to continue and to be strengthened. This sub-component will continue to systematically include a focus on gender-friendly business environment reforms and raise awareness among public actors on the impact of climate change or the mitigation actions needed to improve policy making and promoting the skills necessary to help sectors and industries adapt to climate change impacts.

- **Sub-Component 3.2 - Institutional capacity development for private sector reforms (US\$0 million)**

The 23-month extension as part of this AF will allow this sub-component to continue to strengthen the institutions responsible for investment promotion and entrepreneurship development at both central and provincial levels. Assistance will be provided to the government to rationalize and strengthen its institutional mechanism for business climate reforms. The Project will continue to finance technical assistance, capacity development, and purchases of equipment and technologies to support structuring activities.

- **Subcomponent 3.3 - Shared infrastructure and market access (US\$14 million)**

This sub-component will continue to expand access for entrepreneurs, particularly women, to “hard” infrastructure (including production premises, trade facilities, and equipment) and “soft” infrastructure (such as logistics, market information, training, mentoring, and consulting) with the aim of boosting SME productivity, value addition, and competitiveness. Additional SME Centers are to be established in the Inga and Lobito Corridors.

31. Component 4: Project implementation (US\$14 million). The AF will continue financing activities related to project management, coordination, communication, and monitoring and evaluation. The additional funds will cover expenses related to the higher targets in the initial cities, the geographical expansion of activities, and the 23-month extension of the Project. Additional Provincial Supervision Units (PSUs) of the PIU will be opened in Lobito Corridor, while the existing PSU in Inga Corridor will be strengthened to expand geographic coverage along the Kongo-Central province. An additional M&E expert will reinforce the PIU’s M&E capacity. Citizen engagement, project communications, and stakeholder coordination activities will also continue to be financed by this component and managed by the PIU.



32. **Component 5: Contingent Emergency Response Component (US\$0 million).** This component will ensure provision of immediate response to an Eligible Crisis or Emergency, as needed.
33. **The total Private Capital Mobilization (PCM) of the Project is expected to reach US\$280 million.** Building on the same assumption of the original financing of TRANSFORME and considering the technical scope of the AF, the PCM is expected to increase from U\$178 million (under the original financing) to US\$280 million (considering the total cost of the Project).
34. **Revisions to the results framework.** No change to the PDO is proposed. Most PDO outcome indicators and intermediate indicators will be revised to reflect the scale up of activities in terms of supplementary number of beneficiaries and higher levels of expected outcomes, particularly in terms of job creation. The targets of a few indicators will be adapted according to the results of the Mid-Term Review. Two additional indicators will be added to Components 2 and 3 to better capture the survival of firms after receiving financial assistance as well as capacity building activities. Lastly, two citizen engagement indicators will also be added under Component 4 to measure the Project's accountability.
35. **Delivery of results.** For Component 1, the higher-than-expected intermediate outputs are expected to result in strong outcomes among the original cities within the Project's initial timeline (i.e., before September 2027) as the delivery of grants has started and will accelerate in 2026. The entrepreneurs and enterprises to be supported in the Inga and Lobito Corridors will benefit from streamlined support, which will allow for the delivery of grants by early 2028, providing enough time for strong outcomes to be realized before the Project's closure at the end of August 2029. For Component 2, the intermediate targets related to the PPCGF have already been exceeded; therefore, the Additional Financing will enable the Project to reach its more ambitious new targets before the Project's extended closure. For Component 3, the 23-month extension will permit the Project to provide additional support to the Government in building its capacity and improving the overall business enabling environment. The original targets for Component 3 are expected to be realized by September 2027, while the updated higher targets would be met by the extended closure date of August 2029.
36. **The integration of the World Bank Group approach with IFC is well-established and will continue.** IFC's involvement aligns closely with TRANSFORME and will continue to integrate further. In addition to the Risk Sharing Facility (RSF) with commercial banks, which is being incorporated into the BPC process to foster MSME growth, IFC offers technical assistance directly to support structuring reforms. This assistance includes guidance on modernizing the credit reporting system through procurement technical specifications, advisory services to BCC regarding credit bureau regulations, and support for the operationalization of the National Switch company. These efforts complement the PPCGF, which concentrates principally on MFIs and cooperatives, while IFC's contributions focus on market infrastructure and commercial bank participation. Initiatives supporting business-enabling reforms under Component 3 are coordinated closely with IFC.
37. **Climate.** The AF will continue supporting climate-resilient investments by women microentrepreneurs, new firms, and SMEs under all project components, making entrepreneurs and MSMEs more resilient to the potential impacts of climate change and climate-related hazards, which in DRC include floods, drought, and epidemics. The AF is aligned with the goals of the Paris Agreement on both climate mitigation and adaptation, and it is expected to generate Climate Co-Benefits. More specifically and building on the same rationale of the original financing, the Project will contribute to climate change adaptation under Components 1 and 3 and climate change mitigation under Component 2.
38. **Extension of the closing date.** The AF will extend the Project's closing date by twenty-three (23) months, from September 30, 2027, to August 31, 2029, to ensure full implementation of all planned activities.



Legal Operational Policies

Policies	Triggered?
	Current
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The Environmental and Social Risk Classification remains Moderate. While the Additional Financing increases the scale of activities and expands the geographic footprint of the Project in the Inga and Lobito corridors, it does not introduce new types of activities or materially higher environmental or social risk profiles than those previously assessed under the original Project. The main potential risks and impacts relate to occupational health and safety, waste management, labor and community health and safety, including fire safety hazards, social conflicts, SEA/SH, labor issues, etc. Anticipated risks remain site-specific, reversible, and manageable through the application of updated ES instruments, established mitigation measures, and strengthened implementation capacity in the new cities. Project activities are individually limited in scale, largely predictable in their environmental and social footprint, and supported by a tested implementation framework carried over from the parent operation. To ensure continued compliance with ESF, the Borrower will update and re-disclose the Environmental and Social Management Framework (ESMF), Environmental and Social Commitment Plan (ESCP) and Stakeholder Engagement Plan (SEP). These updates will reflect the expanded scope of activities, new geographic areas, revised implementation timeline, and strengthened institutional and staffing arrangements under the Additional Financing. The PIU has five (5) environmental and social (E&S) specialists to oversee the implementation of environmental and social risk management measures for the parent project and AF activities. This includes at national level an environmental specialist, a social development specialist and a GBV specialist (based in Kinshasa), and at provincial level an E&S specialist based in Bunia (to cover the cities of Goma, Bukavu and Bunia) and an E&S specialist based in Kananga (to cover the cities of Kananga and Mbuji-Mayi). For the AF, the Borrower shall recruit two (2) additional E&S specialists to cover the cities along the Inga and Lobito corridors : one (1) will be based in Matadi to cover the cities of Kasangulu, Kisantu, Mbanza-Ngungu, Kimpese, Boma, Matadi, Tshela and Muanda) and one (1) will be based in Kolwezi to cover the cities of Lubumbashi, Likasi, Kipushi Fungurume and Kolwezi. The SME Centers that will be selected under the AF will also be required to have the ES staff to ensure proper implementation of ES measures proposed by ESMPs during rehabilitation/construction activities and also during operational phase of these Centers. For AF activities under PPCG Fund, the Borrower will therefore ensure that the ESMS of FPM SA and PFIs already selected by the parent project remain operational. All new PFIs shall develop and implement their ESMS prior to receiving the PPCG Fund under the AF. The borrower will need to ensure that any new PFIs have developed and operationalized their ESMS prior to receiving PPCG funds.



E. Implementation

Institutional and Implementation Arrangements

39. The AF's implementation arrangement will capitalize on the existing arrangement of the original financing, while also strengthening implementation capacity as required to ensure an efficient expansion of the geographic coverage:

- The PIU will be maintained for the duration of the Project.⁶ The PIU, headed by a Project Coordinator, is responsible for the day-to-day implementation (including financial management, procurement and environmental and social aspects) of the Project, with functions, responsibilities and sufficient resources acceptable to the Association, and staffed with competent personnel in adequate numbers, with qualifications, experience, integrity and terms of reference satisfactory to the Association and as set forth in the Project's Implementation Manual. Citizen engagement, project communications, and stakeholder coordination activities will continue to be managed by the PIU.
- Additional PSUs of the PIU will be opened in the Lobito Corridor to support and monitor implementation in two provinces: i) one PSU in Lubumbashi to cover the three additional cities in the Haut-Katanga province: Lubumbashi, Likasi, and Kipushi; and ii) one PSU in Kolwezi to cover the two additional cities in the Lualaba province: Fungurume, and Kolwezi. For the Inga Corridor, the PSU in Matadi will be strengthened to cover the seven additional cities in the Kongo-Central province: Boma, Kasangulu, Kimpese, Kisantu, Mbanza Ngungu, Tshela, and Muanda.
- The PSUs in Bukavu and Goma will remain temporarily paused with limited staffing until improvements in the security situation allow the resumption of activities.
- The Project will (i) maintain the Provincial Supervision Committees (PSCs) in the provinces of Kongo-Central, Kasai-Oriental, Kasai-Central, and Ituri; (ii) reactivate the PSC in the provinces of Nord-Kivu and Sud-Kivu when the security situation allows the resumption of project activities; and (iii) no later than six (6) months after the Effective Date, or such later date as agreed by the Association, establish, and thereafter maintain throughout the Project's implementation a PSC in the additional provinces of Haut-Katanga and Lualaba to assist the PIU in the technical implementation of the Project's activities at the provincial level.

40. To support effective management of the Project's geographic expansion, a capacity strengthening plan for the PIU is required. At the central level (PIU Kinshasa), a second M&E expert and a Procurement Officer (or an additional Specialist) will be hired. At the corridor / provincial level, PSUs will be established in Haut Katanga (in Lubumbashi) and Lualaba (in Kolwezi). These PSUs will include the following HR resources: Head of the PSU, an Assistant Accountant, and a technical and M&E Assistant. Furthermore, an E&S specialist and an Administrative & Finance Officer will be hired and will be based in Kolwezi (or Lubumbashi) to cover the provinces of Haut-Katanga and Lualaba. In the province of Kongo-Central (in Matadi), the existing PSU will be strengthened through a second Administrative & Finance Officer, a second technical and M&E assistant, and an E&S specialist.

⁶ The core team of the PIU (managerial and technical) is the same that implemented the PADMPME project; however, it has been expanded and strengthened for the original financing TRANSFORME and will be maintained and further strengthened through the AF.



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(P178176) – Additional Financing Request 1

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